

Estimated Foreign Intelligence Costs

Specifically call attention to the word "estimated".

History and background on the subject.

First report prepared by Bureau of the Budget for FY 1954.

Brundage held meeting with Director 10 October 1957 and expressed concern at the number of personnel and amount of money involved in the over-all intelligence effort. (FY 1956 and FY 1957)

Last report by Bureau of the Budget was for FY 1958 which included for comparative purposes previous reports for FY 1956 and FY 1957.

IAC (USIB) at its meeting on 29 July 1958 appointed "Working Group" to review the FY 1958 report and make recommendations with respect to standardizing criteria for the development and presentation of intelligence cost estimates. The Group was chaired by the CIA Comptroller and consisted of representatives from the following Agencies: State; Office of Secretary of Defense; Joint Staff; Army; Navy; Air Force; AEC; FBI; and CIA - Office of Coordination.

The "Group" appointed a small Sub-Group headed by Mr. Tod to work with the Budget and Accounting and operating officials in the various Agencies. A number of meetings were held, two of which were with a representative of the Bureau of the Budget and Gen. Cassidy of the President's Board of Consultants.

The "Group" submitted its report to USIB in June of 1959 which contained the following recommendations:

1. That the Board establish a standing USIB committee, designated as the Cost Estimates Committee, to be responsible for the coordinated development of this report on an annual basis and any special reports which may be required in connection with intelligence cost data within the purview of the USIB.

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*Used by Mr. Lammert to brief
Mr. Lundy Spauld - 23 August 1962*

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2. That the proposed Cost Estimates Committee be authorized to compile reports for the Fiscal Year 1959 and each year thereafter after the close of the fiscal year in accordance with the attached Tab A and that the Committee be authorized to adjust the format and content of subsequent reports if it is found necessary in the light of experience and the difficulties which might be encountered by the various USIB agencies in compiling the requested information.

3. After review and approval by USIB, the report be distributed to the Bureau of the Budget and the President's Board of Consultants on Foreign Intelligence Activities. This development and review of cost estimates on a fully coordinated basis will ensure that all concerned understand the basis on which the estimates are prepared.

USIB approved the report at its meeting on 23 June 1959.

The Ad Hoc Working Group became the Cost Estimates Committee to prepare FY 1959 estimated foreign intelligence costs.

The report for FY 1959 was approved by the USIB at its meeting held on 2 August 1960. At this meeting it was agreed that the Intelligence Operating Officials of the USIB member Agencies would give greater guidance to the members of the Cost Estimates Committee in preparation of the FY 1960 report.

I believe that each of you have a copy of the report.

At the present time we have a Sub-Committee working on format and table of content for the FY 1960 report.

The Committee on Appropriations, House of Representatives, has shown a great interest in the estimated cost of intelligence.

Mr. Cannon first made inquiry on 1 May 1958 at CIA's regular budget hearing. When he **was** informed of the Bureau of the Budget's report, he practically demanded a copy. The matter was discussed at an USIB meeting and it was agreed that each Agency would submit estimates for this purpose. The estimates totaled 65,027 man-years and funds in the amount of \$431,130,000.

The following year on 29 April 1959, Mr. Cannon asked the following questions:

What do these 20 people do in the Office of the Secretary of Defense? What do these 39,000 employed by the Army do? Navy - 2,700; Air Force - 2,500; National Security Agency - 8,586; Department of State - 360; USIA - 164; AEC - 62.

At the same time he asked the following question:

While we are on the subject of our total intelligence effort, would you supply the Committee, as you have in the past, with a tabular statement showing our total effort in this field. This should include a listing of the agencies involved, the numbers of employees and the dollars expended, for fiscal years 1958, 1959 and projected for 1960.